

SENATE BILL No. 564

DIGEST OF INTRODUCED BILL

Citations Affected: IC 21-9-11.

Synopsis: Family college savings plan matching grants. Provides a one time matching grant for family college savings deposits made in 1999 and for deposits made in the year that the applicant opens an individual trust account for years beginning after December 31, 1999. Provides that the matching grant is equal to the lesser of: (1) 10% of the aggregate of the family college savings deposited by the applicant for the applicant's dependent; or (2) \$100 per dependent. Provides that the matching grant is deposited into the applicant's family college savings account. Provides that the amount of the matching grant may only be used for the allowable purposes of the account at a higher education institution.

Effective: January 1, 1999 (retroactive).

Washington

January 20, 1999, read first time and referred to Committee on Education.



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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 564

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 21-9-11 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1999 (RETROACTIVE)]:

4 **Chapter 11. Matching Grants**

5 **Sec. 1.** As used in this chapter, "dependent" means a person
6 who the applicant is eligible to claim as a dependent on the
7 applicant's federal income tax return for the taxable year under
8 Section 151 of the Internal Revenue Code.

9 **Sec. 2.** As used in this chapter, "family college savings" means
10 deposits made to an individual trust account in the Indiana family
11 college savings trust fund under this article.

12 **Sec. 3.** As used in this chapter, "applicant" means an individual
13 filing for a grant under this chapter.

14 **Sec. 4.** This section applies to an individual trust account opened
15 before January 1, 2000. An applicant is entitled to a one time
16 matching grant equal to the amount specified in section 6 of this
17 chapter for deposits of family college savings in an individual trust

1999

IN 564—LS 7776/DI 92+



1 account for the applicant's dependent in 1999.

2 Sec. 5. This section applies to individual trust accounts opened
3 after December 31, 1999. An applicant is entitled to a one time
4 matching grant equal to the amount specified in section 6 of this
5 chapter for deposits of family college savings in an individual trust
6 account for the applicant's dependent in the year in which the
7 individual trust account is opened.

8 Sec. 6. The amount of the matching grant provided under this
9 chapter is equal to the lesser of:

- 10 (1) ten percent (10%) of the aggregate of the family college
11 savings deposited by the taxpayer for the taxpayer's
12 dependent in the taxpayer's taxable year; or
13 (2) one hundred dollars (\$100) per dependent.

14 Sec. 7. A matching grant under this chapter must be claimed
15 under the procedures established by the authority.

16 Sec. 8. The authority shall deposit the applicant's matching
17 grant in the individual trust account in which the applicant made
18 a deposit of family college savings for a dependent. Money
19 deposited under this subsection may be used only for a purpose for
20 which other money in the individual trust account may be used.
21 The deposit under this subsection is exempt from taxation under
22 IC 6.

23 Sec. 9. If:

- 24 (1) a matching grant was claimed under this chapter for
25 family college savings; and
26 (2) the amount deposited is withdrawn from the Indiana
27 family college savings trust fund and not used in conformity
28 with the purposes of the Indiana family college savings trust
29 fund, as determined under the policies and procedures
30 specified by the board of directors of the Indiana education
31 savings authority under this article;

32 the withdrawal of the matching grant is subject to the penalty
33 imposed on nonqualified distributions under the rules adopted by
34 the authority under IC 4-22-2.

35 SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]
36 IC 21-9-11, as added by this act, applies only to deposits of family
37 college savings in years beginning after December 31, 1998.

38 SECTION 3. An emergency is declared for this act.

